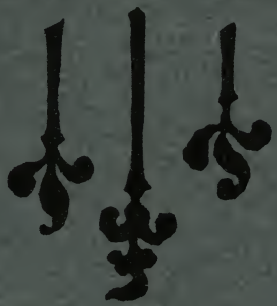
Bank Catechism

Items of General Interest
Relating to Banking

By WILLIAM POST



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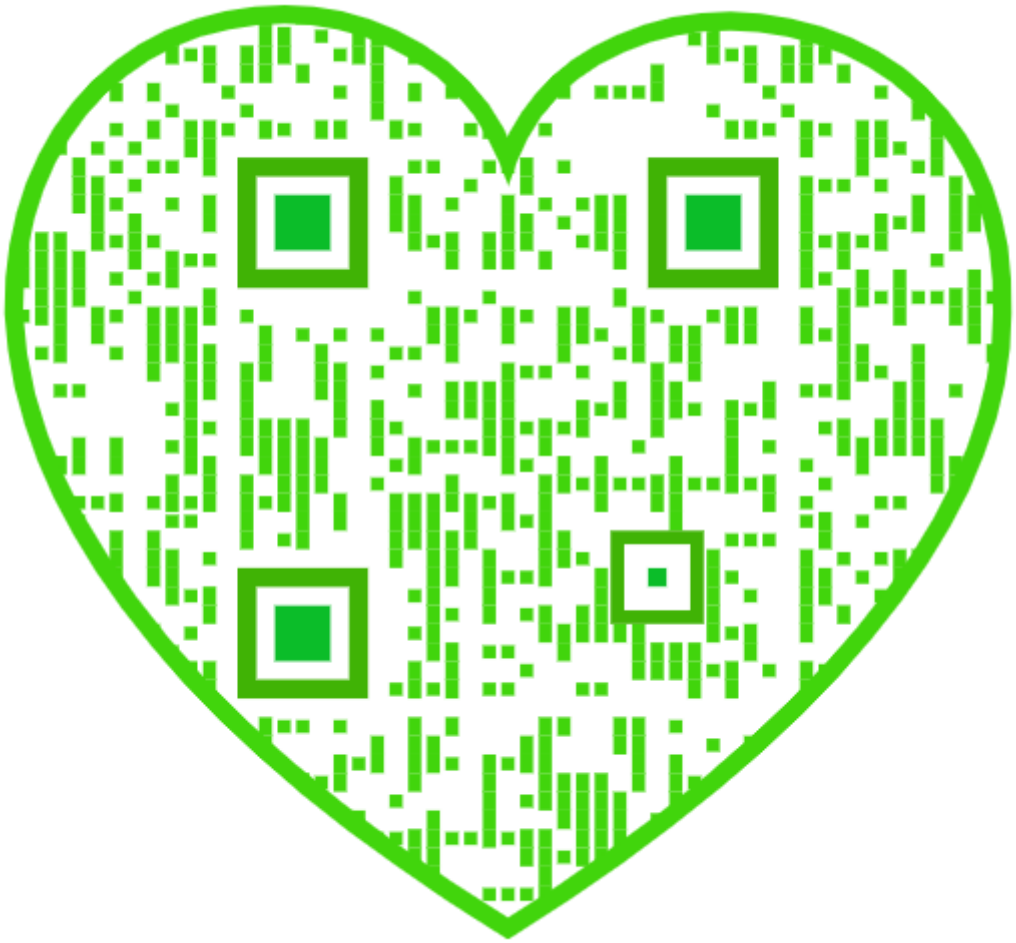

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BANK CATECHISM.

Items of General Interest Relating to Banking.

By WILLIAM POST.

In the subjects here treated it has not been the aim of the author to cover the entire field of banking, but rather to present, in a manner to be easily understood and remembered, such questions as experience, research and consultation with experienced and kindly disposed officials have evolved. Many of the topics are elementary in character and intended more particularly for junior clerks, but a perusal of them may not be without benefit, in the way of a general review, to bankers of age and experience.

What is the Capital, the Surplus and the Undivided Profits, and the Working Capital of a Bank?

Answer—The Capital is the amount paid in by the shareholders and fixed in its articles of association as Capital; the Surplus and Undivided Profits represent, generally speaking, the accumulated net earnings of a bank over and above the dividends paid; and the Working Capital is represented by the sum of the Capital and Surplus and Undivided Profits. The rate earned per annum upon the Working Capital is a test of what the bank is doing for its shareholders. Of late it is somewhat in vogue in organizing new banks to ask the shareholders to pay in an additional amount over and above capital, which amount is lodged in a Surplus Fund.

What capital is a National Bank required to have under existing statutes?

Ans.—Twenty-five thousand dollars in towns not exceeding 3,000 population; $50,000 in towns not exceeding 6,000 population; $100,000 in towns not exceeding 50,000 population, and in towns of upward of 50,000 population no organization may be chartered with less than $200,000.

What amount of circulation may be issued to a bank?

Ans.—An amount equal to paid-in capital.

How is the circulation issued to National banks made secure?

Ans.—By a deposit of United States bonds equal to the circulating notes issued.

In the event that United States bonds held to secure circulation shall decline below par, what is required?

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Ans.—The Comptroller of the Currency shall exact a deposit of additional bonds or currency to cover the depreciation.

What tax is imposed upon the circulation of National banks by U. S. statutes?

Ans.—One-half of 1 per cent per annum upon the average outstanding circulation if the bonds deposited to secure this circulation are 2 per cent bonds—where the security is in bonds of higher rate than 2 per cent, the tax is 1 per cent per annum. The 2 per cent bonds, which in large measure represent the security back of National bank circulation, are thirty-year bonds, and at maturity, in the event the Government desires to retire the loan, the last numbers issued will be the first called for redemption.

What provision is made for worn-out or mutilated National banknotes?

Ans.—The Redemption Bureau of the United States Treasury Department redeems all National bank currency; notes redeemed and fit for circulation are expressed back to the bank of issue; notes unfit for use are destroyed under the eye of an agent for the bank, located in Washington, new currency being printed in lieu and forwarded to the bank for re-issue. To cover these redemption payments made by the Treasury Department, all banks are required to maintain a balance with the United States Treasurer equal to 5 per cent of outstanding circulation, and this is styled the Five Per cent Redemption Fund. The banks are required to pay a proportion of the expenses incurred by the Redemption Bureau, such as express charges, clerk hire, etc. The agent at Washington is also paid an annual fee for certification to the work of destruction of mutilated notes.

Under what direction are circulating notes for National banks engraved and printed?

Ans.—By the Comptroller of the Currency, under the direction of the Secretary of the Treasury.

What is the aggregate of circulation of the banks in National System at this time?

Ans.—About $335,000,000.

What penalty is imposed by United States statutes for counterfeiting or passing counterfeit money?

Ans.—A term not exceeding fifteen years' imprisonment for each offense.

How will the United States Government profit by unredeemed and unpresented United States bonds, Treasury notes and National bank notes?

Ans.—By the destruction of all classes of the above through fire, upon the sea, or by worn-out or rat-eaten notes.

In the event a bank shall fail and the receiver desires to dispose of the United States bonds on deposit with the Comptroller of the Currency to secure outstanding circulation, in order that the equity therein may be obtained for the creditors, what is necessary?

Ans.—That gold coin or legal tender notes shall be deposited in amount equal to outstanding circulation.

How many National banks have gone into the hands of a receiver since the organization of the system, and what has become of the outstanding circulation of these banks?

Ans.—Three hundred and ninety-three (393), and these institutions had issued and had outstanding at the time of collapse a circulation on their account of $22,000,000, and yet every note presented has been redeemed, owing to the security back of the notes.

In what manner are United States deposits in National banks secured?

Ans.—By a deposit of United States bonds with the Treasury Department at Washington.

How many shares must a shareholder in a National bank own in order to be eligible as a director?

Ans.—Not less than ten; and these, he is required to acknowledge under oath, are unpledged for money borrowed, when qualifying as a director.

From what source does a National bank derive its charter?

Ans.—From Congress, through power lodged in the Comptroller of the Currency.

For what amount are National bank shareholders liable in addition to the par value of their stock in the event of bank failure?

Ans.—For an assessment of 100 per cent upon their holdings, but not one for another, with the exception that shareholders in State banks, having a capital of $5,000,000 and a surplus of $1,000,000 in existence at the time of the enactment of the National Banking act, June 3, 1864, and entering the National System at that time, are liable only for the amount paid in.

What is the minimum amount of United States bonds a National bank may own?

Ans.—If the capital is in excess of $150,000, the amount required is $50,000, and for a less capital an amount equal to one-fourth the capital; but a National bank cannot be organized with a less capital than $25,000.

How many directors may a National bank elect to constitute the board?

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Ans.—Not less than five, and if a larger number, to be determined by the Articles of Association.

How may vacancies in the Board of Directors of a National bank, occurring between annual elections, be filled?

Ans.—By the Board of Directors.

How many votes may a shareholder in a National bank cast at an election for directors?

Ans.—One for each share of stock held, but cumulative voting is not permitted.

May an officer or an employee of a National bank act as proxy at an election for directors of the bank?

Ans.—It is prohibited by the National Banking act.

What is meant by voting by proxy?

Ans.—When a shareholder delegates to another written authority to vote for him at a regular or special election.

Can a National bank continue to pay dividends when, by doing so, its Surplus Fund is encroached upon?

Ans.—It is contrary to the National Banking act.

Are National banks permitted to buy or invest in their own stock, or to accept the same as security for loans?

Ans.—It is not permitted.

Under what conditions may National banks own real estate?

Ans.—First—Such as shall be necessary for its immediate accommodation in the transaction of its business.

Second—Such as may be mortgaged to it in good faith by way of security for debts previously contracted.

Third—Such as shall be conveyed to it in satisfaction of debts previously contracted in the course of its dealings.

Fourth—Such as it shall purchase at sales under judgments, decrees or mortgages held by the association, or shall purchase to secure debts due to it.

But real estate purchased to secure debts cannot be held for a longer period than five years.

What is necessary incident to making a transfer of the bank's stock?

Ans.—Identification of the one making the transfer; if presented with power of attorney attached and by broker, the signature should be guaranteed by the broker—be certain of signature before transferring; if transferred by executors, a short certificate should be filed, and it is at times important to see a copy of the will; if stock is in the name of a corporation, a copy of a resolution of the Board of Directors au-

thorizing the sale of the stock, certified to by the president and secretary of the board with seal affixed, should accompany power of attorney. Stock standing in name of unmarried woman, after marriage, should be transferred, and the transfer signed, say, Lucy Evans Smith, formerly Lucy Evans.

What risk is incurred by a shareholder in disposing of stock in an assessable company by power of attorney?

Ans.—If the stock shall float around with power attached and transfer is not made upon the books of the company, and an assessment is called, the company will look to the one in whose name the stock stands registered to pay the amount. To avoid an entanglement of this character, it is always advisable, in selling an assessable stock, to make the transfer upon the books of the company.

How soon may a newly organized National bank declare dividends?

Ans.—At the end of the first half year, but one-tenth of net profits must be carried to Surplus Fund until that fund reaches a sum equal to 20 per cent of the capital stock.

What cities are Central Reserve Cities?

Ans.—New York, Chicago and St. Louis (3).

What cities are Reserve Cities?

Ans.—Boston, Albany, Brooklyn, Philadelphia, Pittsburg, Baltimore, Washington, Savannah, New Orleans, Louisville, Houston, Cincinnati, Cleveland, Columbus, Indianapolis, Detroit, Milwaukee, Des Moines, St. Paul, Minneapolis, Kansas City, St. Joseph, Lincoln, Omaha, Denver, San Francisco and Portland—(27).

How many reports may the Comptroller of the Currency call for during the year?

Ans.—Not less than five. Reports of earnings must also be made within ten days after dividends shall have been declared.

In what particular manner may the five annual statements made to the Comptroller of the Currency, which serve as a guide to the public in estimating the condition of a National bank, be amended to advantage?

Ans.—By requirement that where the real estate of a bank is mortgaged, the amount of the incumbrance or ground rent shall be given in these statements rather than supposed "equities" in real estate. The banking public has been deceived in some instances, thinking that real estate was being carried as a valuable asset, when, in fact, it has been mortgaged close to the market value.

What is the Standard Unit of value as approved by the Act of Congress of March 14, 1900?

Ans.—"The dollar, consisting of twenty-five and eight-tenths grains

of gold nine-tenths fine—and all forms of money issued or coined by the United States shall be maintained at a parity of value with the standard, and it shall be the duty of the Secretary of the Treasury to maintain such parity."

Of what amount of pure gold and silver are United States coins minted?

Ans.—Gold and silver coins are both nine-tenths pure metal and one-tenth copper.

How should transfer or payment of funds by wire be made?

Ans.—In cipher, if possible, and care exercised in translating; the transaction is at all times a delicate one. Telegrams in cipher with the many peculiar words and terms incident thereto should be typewritten. If cipher cannot be had for use in making the transfer, the risk is greater and will require proportionate care.

What is the distinction between Central Reserve City Banks and Reserve City Banks?

Ans.—Central Reserve City Banks are required to keep the full 25 per cent reserve in their vaults, and in compensation for this restriction they may be made Reserve Agents upon approval of the Comptroller of the Currency for any National banks located outside of the three Central Reserve Cities (New York, Chicago and St. Louis).

Reserve City Banks may keep 12½ per cent of their reserve with approved Reserve Agents in Central Reserve Cities, and in lieu of this concession are restricted in acting as Reserve Agents to only such banks as are located outside of Central Reserve or Reserve Cities—this restriction debars the Reserve City banks from acting as Reserve Agents for banks in thirty of the largest cities of the United States, limiting their capacity as Reserve Agents to banks which are permitted to carry but 9 per cent of their reserve with Reserve Agents.

What steps are necessary in order that additional Central Reserve Cities may be declared by the Comptroller of the Currency?

Ans.—To name a Central Reserve City, a three-fourths vote of all the National banks within the limits of the city is required, and the population must not be less than 200,000; for a Reserve City, a three-fourths vote of all the National banks within the city, and the population must not be less than 50,000.

By whom are National Bank Examiners appointed?

Ans.—By the Comptroller of the Currency. They may be assigned to examine a bank at any time, and may place the officers or clerks under oath in making examinations.

In what manner are Bank Examiners compensated?

Ans.—By assessment upon the banks examined.

What are English Consols?

Ans.—Certificates representing the debt of England—similar to our United States bonds.

What is the Capital and Deposit Line of the Bank of England?

Ans.—Capital is about $72,000,000, and Deposit Line about $250,000,000.

What is the par in United States money of a pound sterling, and if you should owe a sum to a merchant or bank in London, how would you pay the debt?

Ans.—The par in our money for one pound sterling is $4.8665, and to settle your debt you would buy a bill of exchange as much under $4.90 as possible, and forward the same in settlement. If the rate is above $4.90, it may be advisable to ship the gold and pay the freight of one-eighth of 1 per cent, insurance, one-eighth of 1 per cent and abrasion from one-eighth to one-fourth of 1 per cent dependent upon the denominations of the coin. If the debt is due you from London and your contract is to draw for it, you may sell your bill around $4.83, and if you cannot realize that rate you can send it to your correspondent with instructions to ship the gold, and the freight, insurance and abrasion will be practically the same as if shipped the other way. When the balance of trade sets in heavily either way, and the creditor country is unwilling to let the balance stand at interest, then gold shipments must follow.

If coupon bonds or coupons are stolen or lost can payment be stopped?

Ans.—No; the courts have decided again and again that an innocent holder of bonds or coupons to bearer, even although these had been stolen, is a bona-fide holder.

How should an important telegram, whether in cipher or otherwise, be constructed?

Ans.—After the fashion you would construct your will—in condensed terms and open to but one possible construction.

How should telephone messages covering the return of items, the payment of money, or the holding of funds subject to check, be treated?

Ans.—By a later confirmatory call from your end or by the exchange of some bit of information known only to both parties concerned, and which may have passed in correspondence. This latter plan, however, should not be regarded as an infallible test.

What is broker's commission for the sale of stocks and bonds in New York and Philadelphia?

Ans.—In New York, one-eighth of 1 per cent upon both stocks and bonds; in Philadelphia, 12½c. per share upon stocks selling above $10, and 6¼c. if selling below $10—except that for stocks the par of which is $50 per share, listed upon both New York and Philadelphia exchanges,

the rate is 6¼c. per share, and for bonds listed upon both exchanges the rate is one-eighth of 1 per cent.

What is a Letter of Credit?

Ans.—An instrument for the use of travelers upon which they may receive advances in almost any city of the world. The initial step is to deposit, say, $1,000 with your banker; he then makes out a Letter of Credit in your name, and to this, in his presence, your signature is affixed. He may ask for a number of duplicate signatures upon blanks to be forwarded to his principal correspondents; the letter may also contain a minute description of the owner, and in addition it will give the names of hundreds of bankers in cities all over the world who will make advancs upon application. When in need of funds, the letter is presented to one of these and the amount desired is stated; you will then be requested to affix your signature to a draft for the amount named, drawn upon the bankers issuing the letter, or one of their central correspondents. For example, if the letter was issued in the United States, and you are asking for an advance in Rome, the draft to be signed will likely be drawn upon the London or Paris correspondent of the home banker. After signing this draft the banker will compare the signature with the one upon the letter, and if satisfied upon that point, will cash your draft and indorse the amount paid upon the letter, signing his name opposite the advance. In this way by footing up the payments made on account from time to time, the banker requested to cash drafts will know at once how much remains to your credit, unless the letter should have been tampered with. Forgery and fraud are possible in cashing drafts in this way for entire strangers, but very rarely has this occurred. Of course if the letter presented purported to be for many thousands of dollars, and the banker had not been previously advised of it and the stranger presenting was asking for an unduly large amount, the banker would be justified in establishing the genuineness of the letter and the identity of the one presenting before making payment.

What are Clearing House Certificates, issued as emergency certificates in time of financial distress or panic by our clearing houses?

Ans.—Certificates based upon the re-hypothecation of bills receivable or other securities approved by the Clearing House Committee, and usually issued for 75 per cent of face value of the bills or securities so deposited. These certificates bear interest at 6 per cent, and were used between the banks in discharging balances at the Clearing House. Their issue permitted the banks to save the commercial community from widespread distress in two financial crises.

Shall the account of a stranger be accepted without proper introduction?

Ans.—Unqualifiedly no. Some of the most cunning swindles ever perpetrated have come about in this way. A few straight transactions, a good account kept for a month or two, your confidence gained and then you are victimized. Very few accounts which may be offered without

introduction will prove valuable, and if the conditions surrounding an account coming in this way should all point to its worth and correctness it will not do any harm to put the man off, until, by telegraph, long-distance 'phone or correspondence, you may satisfactorily establish his identity and character. No one in the business world should be more certain that the credentials of his customer are straight than the banker.

How may it be determined whether an account is of profit or loss to the bank?

Ans.—By taking the average balance for a given period, deducting the proportion unemployed as reserve and figuring what the balance will earn for the same period at the average rate for money during that time; deduct the annual percentage of the bank's gross profits required to cover expenses (often upwards of 33 per cent) and you have the net income to the bank from this account. Then run over the record of country checks and collections, figure the time (which may be one week, sometimes two) and the cost in exchange upon these items for the same period; strike the difference between income and outgo and see if you have a profit. For example, you may have an account where the average balance for the year has been $1,000; deduct from this amount the 25 per cent reserve required and you have $750 for investment. The loan department will tell you that the average rate of income from investments has been, say, 4⅜ per cent (some years much less), and that this $750 has, therefore, brought in a return of $32.81. To this you should add the interest at 2 per cent upon $125, one-half of the reserve required, which you have been permitted to keep in New York, or $2.50, and you have $35.31 for gross income. From this you will need to deduct at least 33 per cent, the cost of maintaining all accounts (bank expenses), and you have a net income of $23.54. That looks snug, does it not? But suppose that account shall deposit upon an average three out-of-town checks each day, a very modest average, one of which will cost the bank ten cents to collect, and with 300 working days to the year you have $30, as representing the loss in exchange and a loss upon your account of $6.46. The example just given is one always present to the practical banker—we are coming in contact with accounts where the balance is not large and where the volume of country checks is excessive all the time. We have also known accounts where the average balance was from $25,000 to $30,000 and the profit wiped out by an inordinate amount of out-of-town checks and collections.

What is meant by "washing stocks"?

Ans.—Bogus or sham sales recorded as real sales for the purpose of deceiving the public and making a market for unsalable stock at prices above the actual value. The broker buying and the broker selling may be ignorant of the "wash." A bid may be lodged with one broker to buy at a certain price and with another to sell, and the sale is recorded. This game may be continued for days, and even weeks, during which time the stock appears to go higher and higher in recorded sales. If, in this way, the public shall become interested, then it is often

a part of the plan to publish rosy reports of the company—"deals are on," "the earnings are large" or "a corporation is under way" and "the stock is sure to advance." The object of all this is to induce the public to purchase, and, if the plan succeeds, as sometimes happens, the schemers will unload and the stock drops to its proper level. Again, the "washing of stocks" may be for the purpose of giving a fictitious value to a security which is being used for collateral purposes. If the loaning bank is not looking closely to the intrinsic value of its security or is a little out of touch with the market, it may be deceived into taking these apparent quotations as real.

What is a Bond of Indemnity?

Ans.—A contract or agreement to indemnify (i. e., to refund, to make good) in the event that certain contingencies arise. A promissory note, certificate of stock, bank draft, certified check or other security may have been lost, a duplicate is wanted, and the one called upon to furnish duplicate is unwilling to give a second obligation, not knowing the fate of the first, unless indemnified against loss in the event the original shall "turn up" in innocent hands. A bond of this character may be given for other purposes, and to be of value will need to have responsibility back of it. An irresponsible concern will readily give it, but careful people who might be called to make payment under the bond will be quite sure of their position before putting their name to it.

How should inquiries relating to the financial strength and standing of individuals, firms or corporations be treated?

Ans.—More important work than this does not come to the banker, and all requests from proper channels should receive thorough, conscientious research, consideration and reply. Skimming over the surface and putting off a correspondent upon the plea that the party inquired about is not one of your customers is not modern banking. If direct and positive information is not at hand, it becomes us to go after it, and, when possible to obtain it, the double purpose is served of meeting the want of your correspondent and likewise broadening your knowledge of credit matters. It is to be regretted that banks failing to recognize the importance of treating inquiries of this kind from the standpoint of reciprocity and thoroughness are still in evidence. From our point of view this is short-sighted. How are we to secure conscientious consideration and reply from correspondents if we absorb all that comes our way and offer little in return? Care should be exercised, of course, in giving or asking credit information, but when seeking another's confidence he is entitled to yours. Credit men in banking institutions are fast sizing up the situation and know which among banking opinions are based upon analysis and careful research, and which are worthless. Along these lines, if you would receive, you must give.

What is meant by "Kiting"?

Ans.—An exchange of checks or notes by two or more individuals or concerns without an exchange of value and for the purpose of raising

money. For example, A. B. is short today, but hopes to be in funds tomorrow; he goes to C. D., who may be one of a class who are proverbially short, and they exchange checks. Each man deposits the other's check in his bank, and unless the bank at either end has had cause to suspect the "game" and presents the check for payment upon the same day, the "Kite" may work for the time being. The practice, however, is easily detected and destruction of credit follows. In instances the "Kite" is a three-cornered one, and at other times may take the form of an exchange of notes for discount at both ends of the line. The practice is disreputable.

What two banks were first organized for business in the United States?

Ans.—Bank of North America, Philadelphia, and the Bank of New York, National Banking Association, New York City.

Is it a proper or far-seeing course for the junior men in the bank to prepare themselves for more advanced positions in the earlier years of their career?

Ans.—It certainly is, and the right thinking bank official will not in any manner hedge up the way of those who go about it right.

How should a properly-timed suggestion from a discriminating, conservative clerk, relative to that which he may consider an improvement in the work, be treated?

Ans.—With thoughtful consideration. A large measure of the quickest and best methods which today obtain in banking have come in this way.

Is it advisable that a fraternal feeling be cultivated between the employees of the bank?

Ans.—Unquestionably, and much might be gained by a larger measure of fraternal intercourse between local bank men generally.

What is required of an employee of the bank before leaving upon a vacation?

Ans.—That he shall confer with the proper officer to the end that a suitable substitute for his desk may be selected, and, further, if the situation demands it, that he may acquaint this substitute with all the details which would be to his advantage to know or which would prevent his stumbling.

What should be embraced within the bank's private summary?

Ans.—In parallel columns and upon a single line stretching all the way across the folio the condition of the bank, its different interests and the results for each year at a fixed date should be recorded. Here at a glance, upon one page, it may then be noted how the current year compares with every other year in all the sub-divisions of the work. The initial labor incident to the preparation of the bank data for a summary

of this kind is considerable, and the undertaking should be placed in the hands of a methodical, painstaking man. After the deductions and totals for the back years have been completed, an hour's work each year will bring the record down to date. The columns to be ruled perpendicularly, should carry the following headings, and any others may be added that the practical banker shall esteem of value:—

The Year.
Capital.
Surplus and Undivided Profits.
Percentage of Surplus and Undivided Profits to Capital.
Circulation.
Deposits.
Loans.
Stocks and Other Securities.
United States Bonds.
Dividends Paid.
Earnings Above Dividends.
Total Net Earnings.
Expenses, Taxes and Exchange. (In separate columns if preferred.)
Doubtful Debts Charged Off.
Doubtful Debts Collected.
Total Gross Earnings.
Percentage Earned Upon Capital.
Average Yearly Percentage Earned Upon Capital.
Percentage Earned Upon Working Capital. (Capital and Surplus and Undivided Profits.)
Average Yearly Percentage Earned Upon Working Capital.
Rate of Dividend for the Year.
Percentage of Gross Earnings Required to Meet Expenses.
Percentage of Deposits to Capital.
Market Price of Stock.
Book Value of Stock.
Number of Shareholders.
Number of Depositors.
Rank in the City Clearing House Banks in Point of Surplus and Undivided Profits to Capital.
Rank in the City Clearing House Banks in Point of Deposits to Capital.
Rank in the City Clearing House Banks in Point of Earnings to Capital.
Rank in Point of Surplus and Undivided Profits to Capital in United States (Roll of Honor).

Upon additional pages of this summary, in columns also ruled perpendicularly, but in this table with the years as headings for the columns, there should be scheduled under each year:—

Directors in the order of their election.
Officers.
Employees listed in the order of their entry into service.
Name of the Secretary of the Treasury.

Name of the Controller of the Currency.
Name of the Bank Examiner.
Name of the Notary.

The above table, after the grouping of names has occurred for a number of years, will be found a most interesting one. Take the groups of directors or employees, for instance; it may be noted that a director or lad entering the service of the bank, say, in 1865, at that time the last name on the list has gradually mounted until he is the first director or employee in point of service.

Again, here in this summary should be filed in loose tabular form the condition of the other Clearing House Banks—worked up as far back as the data will permit, upon a single page—the history of each bank may be revealed after this style in twelve columns:—

Year.	Capital.	Surplus and Undivided Profits.	Dividends Paid.	Gains or Losses in Surplus and Undivided Profits.	Earnings.	Percentage Earned Upon Capital.	Percentage Earned Upon Working Capital.	Rate of Dividend.	Book Value of Stock.	Market Value of Stock.	Deposits.
1865	$750,000										
1866	750,000										
1867	750,000										

After these tables have once been completed for the back years, the labor incident to adding the data for each new year is small, and when several years have been grouped together you have a unique record of what your neighbors have been doing as compared with your own effort.

Is it advisable that to some one be delegated the keeping of an indexed Scrap-Book?

Ans.—Very valuable data may be preserved in this way—information which it would be somewhat difficult to classify and lodge elsewhere.

What shall be done with the old bank records?

Ans.—The head of each department should be held responsible for the care of these books, and at least once a year they should be gone over by one of the official staff and useless records sent to a responsible pulp dealer who will personally supervise destruction. All books of original entry should be carefully preserved.

What care should be taken in disposing of the waste paper of the bank?

Ans.—The porter or night watchman should be of sufficient intelligence to note the value of any paper which may, by accident, have gone to the waste baskets or strayed to the floor. Each piece should be handled separately and intelligently. Valuable papers and coupons have been found in this way.

In ordering loose printed forms from the stationer what is advisable in order that this be done intelligently?

Ans.—That the date of the order and the number ordered should be printed in small type upon these forms in this manner: 2-20-01-12M. This will serve as a guide for future orders, determining quickly the number needed.

What is needed to keep the run of the expenses of the bank?

Ans.—In order to determine if a bill presented is correct and is due, a schedule of all regular expenses should be made up, giving monthly, quarterly, semi-annually and yearly items, with date of last payment. This will permit the proper officer, at a glance, to determine if the item is one to be paid.

LOAN AND DISCOUNT DEPARTMENT.

What is simple interest upon a note for $1,055, 360 days to the year, dated January 1 and payable May 12, at 6 per cent?

Ans.—$23.03.

What is the discount upon a note for $5,000, dated January 1, 1901, due May 31, and discounted February 6, at 4½ per cent, count day of discount and day of maturity (Pennsylvania custom)?

Ans.—$71.88. Where notes fall due upon Saturday, Sunday or holiday, charge discount to and including day of payment, and in figuring days look out for leap year.

Is a note dated upon a Sunday or a holiday legal?

Ans.—Many consider it safer to throw out all notes dated upon a Sunday, although if it can be shown that the transaction did not occur on a Sunday, and that the note was inadvertently dated back, the courts have ruled in favor of its admission. It is just as well, however, to be upon the safe side and shut off controversy upon that point. Notes dated upon a legal holiday are valid.

How should an ordinary promissory note be drawn?

Ans.—The form should contain an unqualified promise to pay, either upon demand or at a specified time, and by custom in Pennsylvania the terms "value received" and "without defalcation" have been incorporated. While "value received" and "without defalcation" may not be vital to the instrument, the use of "value received" certainly rounds out

the note and does not leave the fact of an "exchange of value" to be implied by the bare promise to pay. In an ordinary promissory note the insertion of any matter bearing upon the contract for which the note was given, or any matter foreign to a plain note, should be avoided. If offered a note of this character for discount, make sure that its negotiability has not been destroyed.

What is a judgment note?

Ans.—A note in which is incorporated a confession of judgment. In Pennsylvania this may be entered up against property of the maker at any time prior to or after maturity, but execution cannot be taken until default is made. In certain States a judgment note is not negotiable, but the Negotiable Instruments' Law admits the note where it contains a simple confession of judgment.

What is a collateral note?

Ans.—A promissory note with a pledge of collateral scheduled therein. This form of note differs somewhat according to the usages of the bank making the loan. It generally calls for a margin of value in the collateral of 20 per cent over and above the face of the loan, which margin must be maintained, and, among other features, in default provides that the note becomes immediately due, and the securities therein pledged may be sold to pay the note.

What is required in the examination of collateral?

Ans.—That knowledge shall be had of the intrinsic value, as well as market price, of securities. Surface quotations should not be taken alone as a guide. Certificates of stock must be dated, signed, sealed and duly attested by the registrar. Powers of attorney upon the back of certificates or loose powers should be carefully filled in, leaving the name of the attorney and the name of the party to whom the transfer shall be made, in blank. In filling up these powers the title of the company should be written out in full, not abbreviated, and signature to the power must be made in exactly the same manner as upon the face of the certificate, and should be guaranteed, unless known to the loaning bank. Bonds offered as collateral should be closely scanned to note if registered. If so, power of attorney must accompany. Signature, date, seal and next maturing coupon must all be in place. In short, look the bond all over, front and back, before it goes into your fireproof vault. The man who handles collateral should ever be upon the alert to detect forged securities. No rule can guide him here; we only suggest that the best of all safeguards is to know with whom you deal. The man who cannot furnish satisfactory identification is not entitled to do business with you.

What is an irrevokable power of attorney?

Ans.—A power given for the pledging or sale of securities wherein the name of the party to whom the stock may be sold and the name of the attorney to make the transfer are both usually in blank. It some-

times occurs, however, that for the purpose of transmission, or for other reasons, the name of the attorney will be filled in, and in that case the person named as attorney often gives what is known as a power of substitution, which has the effect, if desired, of restoring the blank feature as found in the original power.

Where temporary stock or bond certificates, or certificates with instalments paid on account (of which there are many these days) are offered as collateral, which is the better power of attorney to accompany?

Ans.—The power upon the back of the certificate is by all odds the better power, for it is at times difficult to accurately describe the character of the security in a separate power.

With securities constantly fluctuating in price, how is it possible for this department to know that all loans are "sufficiently margined"?

Ans.—By keeping a daily watch upon all classes of quotations. No more important work devolves upon this department.

Are securities standing in the name of a "trustee," accompanied by power of attorney, good collateral?

Ans.—They are not, unless you are satisfactorily advised that the deed of trust permits the trustee to so use the security. To be certain upon this point it is advisable to examine the deed. It often happens that the right of a trustee to sell or pledge securities is a limited right, to be used only under certain conditions.

Are Bills Receivable good form of collateral for demand or time loans?

Ans.—They will need to be taken with discrimination and handled with care; must not be permitted to become over-due nor neglected in the matter of sending notices to the makers. We recall an instance where long-time bills with high credit rating in the reports, lodged in this way as collateral, proved to be forged; they had purposely been drawn at long-time in order that notices would not be sent. As a rule, this form of collateral is not the most desirable.

Are warehouse receipts for merchandise or merchandise desirable forms of collateral?

Ans.—Not always, only when the warehouse is thoroughly responsible for quality, quantity and care of the goods in every particular. Warehouse receipts which read, "Received so many barrels 'said to contain flour'" are not good collateral. Where the warehouse is responsible and assumes responsibility, then you are secure. Banks in one of our cities were victimized extensively by loaning upon warehouse receipts covering cases labeled "high grade canned oysters," and these turned out to be cheap tomatoes. The warehouse should know its customer the same as the bank is expected to know with whom it deals.

Are life insurance policies desirable collateral?

Ans.—Not always; the companies in instances after regular assignment of the policy had been made upon the books of the company in which the widow and all heirs had joined, have declined to turn over the money unless the widow and heirs further joined in signing the receipt and indorsing the check. A very jug-handled proposition.

In what manner should exchanges of collateral be effected?

Ans.—Only upon approval of an officer, and upon a form provided by the bank, signed by the borrower.

What care is required in holding collateral security for overdue obligations?

Ans.—That negligence shall not occur in realizing thereon. If so, the holder is liable.

Are National banks permitted to loan upon their own stock?

Ans.—They are not, but may accept it temporarily to secure a doubtful debt.

Are National banks permitted to loan upon mortgages?

Ans.—They are not; but may take a mortgage to secure a doubtful debt. The law, however, states that this must be disposed of inside of five years.

Suppose you have a discounted bill overdue and protested on your hands, and one of the parties to the contract shall promise payment at a certain date and you are disposed to hold until that time rather than take a new note, what is to be done?

Ans.—Secure by all means the assent of the other parties to the contract, or they may be released by the extension.

What is meant by "dead-horse" in the Bills Receivable of a bank?

Ans.—Bills that are doubtful but which are carried along and renewed (interest sometimes paid and sometimes not) until "reckoning day" comes.

What are termed excessive loans by the National Banking Act?

Ans.—Loans in excess of 10 per cent of the capital of the bank to one firm or individual direct—in this 10 per cent, however, need not be included regular trade paper discounted. Large customers require large accommodation, and banks have been compelled, where thoroughly secured, to disregard the limit at times. The Comptroller has called attention to the custom repeatedly in his reports and has suggested amendments whereby a proportion of the total assets of the bank should govern the limit, rather than its capital stock. That the act requires amendment is undoubted, but there are bankers who think the foregoing proposition has an element of danger in it. Not always to the bank showing the largest and quickest measure of expansion should be given

the larger measure of latitude in loans. Deposits, where strong inducements are offered, come quickly and sometimes go quickly. Others think the spirit of the act, when first adopted, was in intent that a bank should be permitted to loan in this way 10 per cent of its working capital, which is its original capital plus its surplus and undivided earnings. It hardly seems a fair proposition that a bank with $500,000 capital and $1,500,000 surplus shall come under the same limit as a new institution with say $500,000 only. The first-mentioned bank has practically increased its capital to four times the original amount—the limit, however, by a strict construction of the act, remains immovable. Congress in recently taxing the capital and surplus of the banks has recognized the sum of these two items as the working capital.

What is meant by strictly business paper?

Ans.—Paper given for merchandise, or any form of property, or where a real value has been exchanged. Accommodation paper is the opposite in character, and is made for the benefit of some one other than the one who lends his name. Two concerns may exchange notes, the one with the other, in order that each may raise money at the bank. This is a form of "kiting," a discreditable practice, pretty sure to be detected in the end. An individual may loan his name upon a note to help a friend, if so, it is a matter of accommodation. In Pennsylvania the bank loaning upon accommodation paper must not have knowledge of the fact. The Negotiable Instruments' Law, however, sweeps away this wrong interpretation and makes the man who puts his name upon a note, front or back, responsible.

What is the Negotiable Instruments' Law?

Ans.—Judge Brewster has defined it as "containing all the fundamental principles and essential definitions of the law on commercial paper; the law, in short, of some ten thousand reported cases is in substance condensed into thirty-six pages." We advise the younger men to become as thoroughly acquainted with the Negotiable Instruments' Law as with the multiplication table.

In how many States has the Negotiable Instruments' Law been enacted?

Ans.—Twenty-one States, one territory and the District of Columbia.

Under what conditions may a note be altered or changed after having been signed and indorsed?

Ans.—Only by the maker, and with the consent of all the indorsers thereto, but it is advisable to get a new note. Don't run the risk of going to court with an altered note.

Is it important that special care should be given to the indorsement of all paper discounted by the bank?

Ans.—Every note offered for discount should be read minutely

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from beginning to end, front and back, and if there are a number of indorsers and you are discounting for one of these, see to it that he is the last indorser, even though it may be necessary for him to indorse twice.

If a fictitious name is signed to or indorsed upon a note and it is offered as a negotiable note, is it forgery?

Ans.—It is.

What should accompany each purchase of commercial paper from note brokers?

Ans.—A bill of sale, which should be filed with the paper. If several notes are covered by the bill, file with the note of last maturity.

If paper purchased from note broker shall prove to be forged, who is responsible?

Ans.—The broker.

In the event that the bank shall desire to call in demand money from brokers, or if the broker shall purpose returning demand money, what is customary?

Ans.—In Philadelphia it is a matter of established courtesy to notify in either case not later than ten o'clock in the morning.

How can the Credit Department keep up to date as to all the names upon the market?

Ans.—By keeping in touch with all the sources where confidential information may be had. These are of a variety.

How would you analyze a statement with a view to extending credit?

Ans.—The cash, merchandise, open accounts and bills receivable, termed "quick assets," should be largely in excess of accounts and bills payable. Real estate and machinery should be taken at conservative figures, and if the former item is mortgaged and no mention is made of the mortgage, you will do well to ascertain the market value of the property over and above incumbrance. Look to it that all contingent liability is scheduled as a foot note, for just there you may uncover a sum that will cause you to deny credit. An instance is recalled where the contingent liability, reluctantly revealed, proved to be an amount which, had the customer been compelled to pay, would have wrecked him. No statement is of value unless signed and of recent date. In instances, more than one credit man has been able to pick up valuable information by watching the "paid vouchers" and indorsements thereon before these were surrendered in the settlement of bank books.

In what relation does a good stenographer stand to the Credit Department?

Ans.—He is indispensable to the proper care of the flood of data

which comes in, and must be systematically filed and recorded. The information which passes under his eye should never be referred to outside his department. He is the right hand of this department. He should be an expert in stenography and letter-writing, as well as in all forms of neat table work upon the machine.

In writing confidential letters relative to the standing of concerns, what special duty devolves upon the stenographer?

Ans.—That he keep a carefully indexed record of all letters of this character, giving the date and the house referred to therein. This will prove valuable to the Credit Department in the event it shall receive later information tending to disturb or change previously expressed opinions. A reference to this index will permit the credit man to note at once to whom he has written and to amend his earlier advices.

PAYING AND RECEIVING DEPARTMENT.

What is money?

Ans.—Any coin or currency lawfully stamped, employed in buying and selling.

What character of money is legal tender for the payment of debts in the United States?

Ans.—Gold coin; standard silver dollars, half-dollars, quarter-dollars and dimes to the extent of $10 each; nickels, two and one cent pieces to the extent of 25 cents each; treasury notes of 1890, unless stipulated otherwise in the contract; United States notes, except for duties upon imports; National bank-notes are legal tender between National banks, and will be accepted by the United States Treasurer for all public dues except duties.

What are some of the requisites for a good paying teller?

Ans.—He should have a fine discrimination, be cool, patient, alert, quick, careful, conservative, accurate, of good address, have a trained eye for crooks, signatures and handwriting, and possess a goodly measure of common sense.

How should the paying teller's funds be kept?

Ans.—With the utmost degree of order; clean at all times, no ragged money; as large a proportion of new notes and coin as may be secured through all the channels open to a resourceful teller. He can make friends for the bank by paying out in handy packages the money the people want.

What instruction should be afforded those connected with the paying and receiving departments in the detection of counterfeits?

Ans.—The very best that can be had.

If the teller shall be in doubt as to the worth of a depositor's check

when presented at the counter, how will he make certain before payment?

Ans.—By a sign known only to his assistants, who shall pass the word quickly to the bookkeeper and return the answer?

If the bank pays a check with signature forged, who is responsible? If indorsement is forged, who is responsible?

Ans.—In the first instance the paying bank; in the second, the bank or individual from whom received, if same is brought to their attention within a reasonable time.

How should checks be signed representing a deceased person's estate?

Ans.—By the duly authorized executor or administrator, after a short certificate from the Register of Wills, certifying to their appointment, shall have been filed with the bank.

If there should be a difference between the writing and the figures in a check presented for payment, which amount should be paid?

Ans.—Call your depositor up over the 'phone and be guided by his instructions. If you cannot reach him, pay the amount written in the body of the instrument.

Where companies or partnerships use the term "Limited," how many signatures are required?

Ans.—Two in Pennsylvania, where the amount involved is upwards of $500.

When it becomes necessary for clerks of the bank to go upon the street with considerable sums of money or securities, what is necessary?

Ans.—That two shall go, and neither shall become so engrossed in conversation as to forget for a moment the guardianship of the funds entrusted to them. This is not needless advice, although it would so appear.

When will a guarantee of indorsement covering items from another bank be sufficient?

Ans.—When the guaranteeing bank is of standing and responsibility, and when the indorsement is by attorney, or is by one person for another, or is by duly authorized stamp.

If knowledge of the death of a depositor reaches the bank, what should be done?

Ans.—Under certain conditions outstanding obligations should not be paid. We think, however, that common sense may come in here, and if the checks are regular in every particular and are of recent date and are not large in amount, the bank can afford to carry out the purposes of the drawer.

When a depositor desires to delegate to another authority to act for him, what is involved?

Ans.—The execution of a power of attorney wherein he shall delegate to the one selected, power to sign or indorse or to perform other acts relative to the conduct of his business. These powers may be limited to the performance of one duty, or may be so complete as to permit of the performance of all acts which the grantor would perform if present.

In accepting an account of one who has not the ability to write, what is required?

Ans.—He may make his mark after this manner:—

his
John X Jones.
mark.
Witness:—
Emily Jones.

If he cannot more than touch the pen that will be sufficient. It is desirable, however, that the witness should perform the necessary writing in completion of the signature in all transactions, and if the act as above is to be frequently performed, it is preferable that a power of attorney be given, delegating another to act in his stead.

What is involved in "stopping payment" of a check or note?

Ans.—Notice must be served on the paying bank in writing, giving an accurate and full description of the item, and after ascertaining from the bookkeeper that the same has not been paid, the data relating thereto should be lodged with both tellers, and a close watch kept.

What are snakes in the cash?

Ans.—Checks carried there by the teller contrary to the rules of the bank. Tellers and clerks have found this indulgence costly when an unexpected examination of the cash has taken place.

When money or securities are being handled or counted inside the bank, what is necessary?

Ans.—That this be done at a point of safety from any window or doorway.

What is the rule relative to the identification of persons presenting checks payable to order?

Ans.—That the identifictaion should be satisfactory to the teller, and he should be given latitude to exercise judgment. If he has had experience he can generally size up the payee. This question of identification is a troublesome one at times in banks where the volume of business is large, and in England the burden imposed upon the paying desks, often clogging the lines unduly, became such that Parliament re-

leased the banks from the requirement of identification. There a check once received needs to be guarded with all the care given to a bank-note.

How should a past due note, presented for payment, be treated?

Ans—It is advisable to communicate with the maker—common sense, however, comes in here—if the note is only a day overdue and the amount stood to the credit of the maker upon the date due, it is fair to assume that he wanted it paid, and pay it. If the account shows that the note was "not good" upon due date, then it is possible that the maker drew his balance down purposely to prevent payment. Such instances have been known. The proper and only right way for a maker to stop payment of his note, however, is to notify the bank to that effect in advance.

Is it required that the bank certify a check for an unidentified indorser?

Ans.—It is not required. Conditions surrounding presentation and common sense should govern, however.

How shall checks be treated presented without date, the name of the payee wanting or incomplete, etc.?

Ans.—Upon a common sense basis, particularly when the 'phone is just at your right hand and you can probably talk with the maker.

How should the checks of an incorporated company, presented for payment, be signed?

Ans.—In accordance with the by-laws or resolutions of the board of directors of the company, a copy of which should be filed with the bank when the account is opened, and an additional copy when any change shall occur in signatures.

If a depositor persists in signing checks or notes in a careless fashion, wherein his signature does not agree with the signature upon file, what is advisable?

Ans.—Call to his attention.

Would you pay a check having a lead pencil indorsement?

Ans.—Yes; if it comes from another bank and is guaranteed, and if presented at the counter and you want the ink indorsement, the person presenting will probably give it. It is legal.

What is involved in certifying a check or note?

Ans.—It becomes an obligation of the bank, and the Negotiable Instruments' Law adds that its identification at the request of the holder discharges the drawer and all indorsers from liability thereon.

When the bank agrees over the 'phone or by wire to "hold" the amount of a check, what is implied?

Ans.—That the check is genuine. It is not safe, however, to accept

a check from other than properly identified persons, and make payment thereon, even though the bank upon which it may be drawn shall agree "to hold." Right here again is presented the proposition that the banker must know with whom he deals, and if one of his customers introduces a stranger for accommodation of this character, find out by pointed inquiry that his knowledge of the stranger is unquestioned, or insist upon indorsement. We recall a neat swindle perpetrated after introduction, in which the 'phone figured.

In refusing to pay, or in the return of a check or note, what answer should be given?

Ans.—One which shall give, in exact terms, the cause for refusal.

Under what condition is the bank released from liability for a raised check?

Ans.—Where there is contributory negligence on the part of the maker. We recall an instance where the bookkeeper for a mercantile firm filled in the body of a check drawn to his own order for $200 for office use, leaving space on the line and just in front of the words "two hundred" for an additional word, and wrote the figures in this manner: $ 200, which permitted the insertion of an additional figure between the dollar mark and the figure 2. The check in this condition was handed to the firm and signed. The bookkeeper then stepped back to his desk and with the same pen and ink inserted the word "twenty" before the word two and the figure 2 between the dollar mark and the figures first made, completing the check in one handwriting, without blemish, calling for $2,200. The check was presented by the bookkeeper and cashed. Suit was brought against the bank, and the court very properly ruled that the firm had contributed to the fraud by carelessly signing a check not filled up in a manner to prevent alteration.

What are the requisites for a good receiving teller?

Ans.—Unfailing courtesy, system, quick work, special knowledge of counterfeits, the ability to use his assistants in such a way that each man may fill the niche for which he is adapted, and to tactfully meet the customers at his counter to the end that they will cheerfully co-operate with him in cutting down the line at his window by arranging their deposits according to his instructions. This department in many banks has the reputation for frequently being detained into the night looking up differences. This is largely needless if the teller has efficient help, enough of it, and is the right style of man himself, there will be little night-work. An up-to-date receiving teller, if he handles the mail items, will plan his work to make a mid-day settlement.

What is the proper and safest form of indorsement for checks sent by a messenger to bank for deposit?

Ans.—After this form:—

Pay to the order
of the
CENTRAL NATIONAL BANK,
Philadelphia.
John Smith.
or

If a firm:—

John Smith & Co.
or

If a company:—

Smith Manufacturing Co.
By John Smith, Treas.

If lost upon the street it would be hazardous for the finder to attempt to use a check so indorsed.

In what manner should items sent through the exchanges at the Clearing House or presented at the counters of other banks and trust companies for payment be indorsed?

Ans.—By a special form of stamp adopted by the board of directors of each bank, in which shall be incorporated "Received payment through the Clearing House." This stamp "shall be considered a guarantee for all previous indorsements, whether written or stamped, but shall not be construed as supplying or guaranteeing to supply a missing indorsement."

How should a check or note to the order of Johnson Manufacturing Company be indorsed?

Ans.—If the company is incorporated the better form of indorsement is:—

JOHNSON MANUFACTURING CO.,
By Thos. Johnson, Treas.

If not incorporated:—

JOHNSON MANUFACTURING CO.,
By Thos. Johnson, Proprietor.

When a check received from a correspondent is returned unpaid from a neighboring bank, owing to want of indorsement, what should be done?

Ans.—If there is not a risk in doing so, supply the missing indorsement and guarantee it. Your correspondent will guarantee to you by return mail, and will appreciate your courtesy. If the item must go back, have it certified if possible and protect your correspondent or his customer from possible loss incident to delay.

What is a restrictive indorsement?

Ans.—An indorsement "with a string to it"—one that does not absolutely lodge the title to the instrument in the bank where the deposit is made, for example, "for collection," "for account of," "for deposit only" and "for the credit of" are forms of restrictive indorsement,

and inasmuch as the depositor may check immediately against these funds, even before opportunity is given to collect them, it is manifestly improper that he retain even a conditional title.

If the owner of a check carries it in his safe or wallet, fails to present it promptly, and, in the meantime, the bank fails, upon whom will the loss fall?

Ans.—Upon the owner of the check, provided it can be shown that prompt presentation would have meant prompt payment.

Is it advisable that customers, in so far as possible, shall single out and send one person to bank for the purpose of making deposits or to draw counter cash?

Ans.—It is to the advantage of both depositor and bank that some one person be selected for this duty.

What is a certificate of deposit?

Ans.—An obligation of the bank covering a deposit, usually from other than regular depositors. It may be drawn payable on demand or for a specified time; in the latter case it may bear interest at a low rate agreed upon. If the signature of the party to whom the certificate is made payable is not upon file in the bank, it should be taken in issuing the certificate, and it is important that all such certificates shall be so carefully filled in as not to permit of alteration.

What is involved in an account opened, Thos. Johnson, Trustee?

Ans.—It may mean much or little, and when accepted in this way a careful analysis of what this particular trusteeship involves should be recorded with the signature. It is not likely that any embarrassment or entanglement will arise while Johnson lives, but, in the event of decease, not only the bank but all who may be interested in his affairs will want to know to whom these funds belong, and it may not be easy to draw against the same unless the authority is unquestioned. Every account so opened should state what is covered by the trust at its inception.

When a check or note shall have been cut in error upon the teller's file, what is required?

Ans.—That the cut shall be guaranteed before returning the item.

What is meant by Clearing House Gold Certificates, United States Treasury Gold Certificates and United States Legal Tender Certificate?

Ans.—These certificates represent gold coin deposited with the Clearing House or with the Assistant Treasurers of the United States, or legal tender notes deposited with Assistant Treasurers, and are used in lieu of the cash itself in discharging the balances at the Clearing House between banks, with the exception of fractional amounts under $5,000, which are paid by bank due-bill. When gold or notes are needed for counter use, these may be drawn at either depository.

What constitutes light-weight coin, as determined by the United States statutes?

Ans.—The loss of one-half of one per cent in gold coins will compel the Treasury Department to stamp the same "short." It will then need to be sold for merchandise, or the United States Mint will purchase as bullion at $20.67 per troy ounce, and will make no charge for recoinage.

Silver coin light and uncurrent, if not altered in any manner except by natural abrasion, to which there is practically no limit, so long as the coin may be identified and does not show material loss of metal, will be redeemed by the Treasury Department.

If $5,000 of United States gold or silver coins, by accident of fire shall be melted to a mass and cannot be identified as coin, upon what terms will it be received at the mint for recoinage?

Ans.—If gold cannot be identified as coin the government will pay for it as gold bullion at $20.67 per ounce troy weight, after deducting the usual charges for coinage. If it can be identified the charges for coinage will not be imposed. If silver is melted to a mass and cannot be identified as coin, the government will not purchase it, but if the identification can be established, it will be purchased upon the same terms as mutilated coin, paying the current rate for it. The loss to the holder in case of silver is, therefore, the difference between the face and what it will bring as bullion, or for merchandise uses.

Of what advantage is it to this department in following the "Daily Court Record" of judgments entered and new suits brought in the courts?

Ans.—Here are recorded all judgments entered up or satisfied and all suits begun upon the day preceding, and this schedule, if carefully examined, will ofttimes disclose the first intimation of entanglement or embarrassment.

In re-discount for, or making loans to a bank, what is necessary as a preliminary?

Ans.—That a resolution shall be adopted by the board of directors of the borrowing bank and a copy of the same lodged with the bank making the loan. This copy should bear the signature of the secretary of the board and the president of the bank, and the seal of the bank should also be affixed. It is advisable that the loaning bank shall have its own form of resolution covering this class of loans, which, when once adopted, should serve for future transactions between the parties to the contract.

How may the management of the bank keep a close run of income account and know if the current period is up to the standard?

Ans.—By recording in a folio for that purpose in parallel columns,

the total standing to credit to this account each day. By following the same line across the page at a glance it may be determined how the present half year to date is as compared with previous half years—whether measuring up to or falling back.

How should the record of bad debts charged off, be kept?

Ans.—This is a place for system again, and the data relating to these claims should be lodged in strong envelopes (linen-lined preferable) with a neat record on the outside. Many banks also keep a folio record of claims of this character, and make a point to renew judgments obtained from time to time. A close watch upon the doubtful debts will pay.

COLLECTION AND MESSENGER DEPARTMENT.

What constitutes a Domestic Bill of Exchange?

Ans.—Bills of bankers upon other bankers, checks and commercial bills issued by merchants, sometimes accompanied by bill of lading. Exchange between two points, say New York and Philadelphia, may rule abundant one week and scarce the next—if balances accumulate too largely at either end, and bills of exchange cannot be secured, then recourse must be had to the shipment of gold or currency. At times, between certain points, domestic exchange is either bought or sold at a discount or premium, after the manner of foreign exchange

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How would you define the drawer, the drawee, the payer, the payee, the indorser, the indorsee, the pledgor, the pledgee, the consignor and the consignee?

Ans.—The drawer and maker is the one from whom an instrument emanates, whether it be check, draft or note; the drawee is the one drawn upon and becomes, after acceptance, the acceptor and payer; the payer is either the maker of a note or check, or the acceptor of a draft; the payee is one to whose order a check, note or draft may be payable; the indorser is the payee after adding his indorsement; the indorsee is the one to whom the instrument is indorsed over; the pledgor is one who pledges his collateral for a loan; the pledgee is the one who receives this collateral; the consignor is the one who ships his goods to a consignee, who receives the goods.

What is one of the most important requisites in handling promissory notes?

Ans.—Absolute accuracy in arriving at the maturity date of a note. This is one of the last places in a bank where an error may be tolerated.

If a note is dated November 28, 29 or 30, 1900, at 90 days; or is dated December 2, 1903, at 90 days, when does it mature?

Ans.—Matures respectively February 26, 27 and 28, 1901, and March 1, 1904. If any of these maturity dates fall upon Saturdays, Sun-

days or holidays, which are dead dates as to the maturity of paper, the note goes over until the next succeeding business day.

If a note is dated November 28, 29 or 30, 1900, at three months, or December 28, 29, 30 or 31, 1900, at two months, or November 28, 29 or 30, 1903, at three months, or December 28, 29, 30 or 31, 1903, at two months, when does it mature?

Ans.—In the first seven examples February 28, 1901; in the remaining instances the notes dated November 28 and December 28, mature February 28, 1904, and in all the other examples the maturity is February 29, 1904. Keep your eye upon leap year.

Are there advantages to the mercantile community in drawing notes payable upon a certain date rather than at one, two or three months, or thirty, sixty or ninety days after date?

Ans.—Unquestionably. The inexperienced are always liable to err in timing notes drawn after the old fashion, causing needless protests; under that plan, too, it was a sort of "hit or miss" arrangement as to the maturity date. This might happen to be Saturday, Sunday, pay-roll day or the day other notes had to be met. The further advantage is the vast saving of time and labor to accountants everywhere.

In what manner should Bills Receivable be filed away, and how long before maturity should out-of-town notes be forwarded for collection?

Ans.—Sorted according to maturity date, and this is work requiring care. Out-of-town notes should be sent away two weeks prior to maturity when received in time to permit.

Is the bank compelled by law to send notices for notes not made payable at bank (Pennsylvania)?

Ans.—The sending of notices is a matter of custom and courtesy, but, nevertheless, the utmost care should be exercised in this particular and every effort made to notify the makers of notes not made payable at bank. These notices should be enclosed in envelopes plainly addressed. The maker of a note has cause to be irate if his notice is misdirected and falls into other hands, thereby revealing his private business.

Why is a check, draft or note protested?

Ans.—A note is protested to prevent the indorser or indorsers from being released from payment in the event the maker does not pay. Where due diligence has been given to collect an item an indorser is morally bound, but cannot legally be held unless protest or notice of default is made. By protest is meant that the item, at the close of the business day upon which it is payable, is handed to a notary, who receives his license from the State, and who presents the item to the maker or bank where payable and demands payment. If refused, he makes a note of the reasons given, and if none are to be had he notes that fact, and, upon his return to his office, the same day, he fills up a form pre-

scribed by the State, in which he sets forth a complete copy of the instrument he is protesting, states how and when presented for payment and the refusal therefor, affixes his seal and signature, and to this blank attaches, generally by wafer, the instrument itself. Upon other forms provided, he likewise prepares and sends out notices of protest for the maker and all indorsers thereon, and, if possible, serves these notices in person; if at a distance, they are mailed by first mail. Very many items go to protest where there is not an indorser, and, in these cases, the protest is dictated from policy. Many are of the opinion that a check, draft or note even if there is no indorser, had better be protested; then, in case suit is brought, the protest papers attached afford evidence that regular and formal presentation and demand was made.

If a contingency arise (more likely to happen in a small banking community than elsewhere) that a notary is not to be had, to effect a protest upon the day a note is payable, a formal demand should be made upon the maker, or bank where payable, and this can be done by an employee of the bank holding the item; the maker and all others upon the note should be promptly notified in writing that they are held responsible for the note. In most States, if this formality is carefully performed, the courts will hold the indorser.

The Negotiable Instruments' Law adds that when a note has been lost in the mails, and duplicate cannot be had in time for maturity, protest may be made on a copy or written particulars thereof.

Would a considerable percentage of protests be saved if all notes were made payable at bank where the maker keeps his account?

Ans.—Unquestionably, and considerable heartburn, too.

Is it customary to protest a time draft both for non-acceptance and for non-payment, making two protests for one item?

Ans.—It is generally protested twice, although it is claimed there is not legal need. Common sense coming in here will generally be able to find a way to save the double protest.

What is meant by indorsing "without recourse"?

Ans.—The term is recognized by the courts as a mere assignment of title to the instrument, and as releasing one who incorporates the term in his indorsement from all liability. That is, a note given by Samuel Small to Isaac Joyce, and by him indorsed "without recourse," is a single-name obligation in so far as responsibility is involved. It is well for the bank to make use of the term when compelled to indorse certain items wherein it should not assume responsibility. This is often true of bills of lading indorsed to a bank for safety in transit; in order that the consignee may secure the goods from the railroad company the bill of lading will need indorsement by the bank, but here, the bank not being a party to the transaction further than acting as collection agent for the draft which the bill of lading accompanies, does not want to assume any responsibility and indorses "without recourse."

When the note of a firm of hitherto good standing is unpaid at 3 o'clock, should it be summarily handed to the notary?

Ans.—If time permits, first call the makers up over the 'phone and see if it has been overlooked. This is an act of courtesy which will be appreciated. It is, however, not possible to make a universal rule of this kind—conditions are not always favorable.

Is it important that collection items and all cash items where so intended shall be promptly advised?

Ans.—It is, and this should be done upon slips sent out through the evening mail. These advices should not only embrace items paid, but items "gone to the notary."

In recalling a note by wire or by telephone, what information should be incorporated in the recall?

Ans.—The use of a term or cipher word, or some particular data known only at both ends of the line.

If the bank accepts a check in payment of a draft instead of cash, and does not present for payment or certification until the next day, and the check is dishonored in consequence of the delay and the draft was a protestable item, where does the bank stand?

Ans.—It will be liable.

Is it customary for the messenger to leave drafts for acceptance with firms upon the street?

Ans.—It is where they are responsible. This is, however, a matter of courtesy on the part of the bank, and drafts so left should invariably be returned to the bank before 3 o'clock, accepted or refused; in the latter case, with "reasons" noted.

When the messenger receives back a draft from the hand of an acceptor, what is necessary?

Ans.—That the acceptance just written be minutely examined as to its correctness. If drawn for a period of time from sight, it should be dated. Be quite sure the signature has been affixed. It is not an infrequent occurrence for drafts to be handed back with the acceptance all there but the signature. Another point in connection with this examination of acceptance, is in establishing to a certainty the right of the one who accepts to so act. The runner soon gets to know the people upon his route, and there is no liability of his being tripped up by established houses, but occasionally he will have reason to doubt if the person accepting has a legal right to accept, and, in this case, it is his duty to ascertain if this person has been granted a power of attorney. Not many would venture to sign as attorney without authority, but at times drafts will be handed back to the messenger, accepted after this fashion:—

John C. Simmons,
per E. S.

And these are more than likely illegal acceptances. A clerk or bookkeeper in the office knows, or thinks he knows, that the proprietor would accept if he were in, or the proprietor may say to him, "If that draft comes in, just accept," and somebody "chances" it. The messenger should decline to permit an acceptance of this character and may demand to see a copy of power of attorney. Where bill of lading is to be declared, there should not be a shadow of a doubt as to the proper acceptance.

Is it proper to permit an acceptance to be erased from a draft after once made?

Ans.—No; the bank only acts as agent, knows nothing of the contract between the parties and the acceptance must stand. The drawee, if he has erred in accepting, may "stop payment," and notify all upon the draft of his reasons for so doing.

Are messengers upon the street vested with authority to promise the drawees that drafts will be "held"?

Ans.—They are not, and caution is very necessary in making any promise. Such arrangements can only be entered into between the drawees and the officers of the bank, and the latter are often "tied" by instructions from their correspondent.

In returning drafts unpaid, marked "no protest," what is required by courtesy?

Ans.—That the reasons for refusal be noted upon the draft in as exact terms as may be possible.

If a time draft is received with bill of lading attached and the acceptor demands the bill of lading upon acceptance, in the absence of instructions what shall be done?

Ans.—Legal advice in Pennsylvnaia is to the effect that the bill of lading must be delivered. Common sense comes in here again, however, and if you have reason to think, from his reputation, that the drawee will take advantage of the drawer, you may be able to save the latter by a little diplomacy. Put off the drawee long enough to wire for instructions and save the man at the other end from being victimized.

If drafts are not accepted when presented, and are held with bill of lading attached pending instructions, what is necessary?

Ans.—That the bill of lading be carefully examined for perishable merchandise. Due diligence must be exercised by the bank that loss does not occur from delay in disposition of the merchandise.

How shall drafts payable upon arrival of merchandise be treated?

Ans.—The first requisite is that they come to you with "no protest" instructions. The bill of lading should be examined as to the character of the goods and the point of shipment. In order that the bank may approximate the time of arrival, the draft should be presented at once and notice left. If not paid within a reasonable time, the drawee

must be interviewed, your correspondent advised of all delays and his instructions sought.

If the messenger or note teller receives a worthless check in payment of a draft or note, who will lose the amount?

Ans—The bank accepting the same in payment. The Messenger and Collection Department should keep in touch with the responsibility of that portion of the commercial community upon whom they will present drafts, and, if new names come up, in so far as possible these should be "looked up" before the messenger leaves the bank upon his morning route. If in a serious dilemma while upon the street, as to any particular transaction, let him telephone the bank for instructions.

How can the messenger upon the street be of service to his bank?

Ans.—By unfailing courtesy and by the exercise of judgment and discrimination he can make many friends for the institution. If he is too narrow or exacting with the commercial community he can, on the contrary, do his bank an injury.

Are there dangers to be encountered in receiving transient collections from other than banks and bankers?

Ans.—There are. If you receive a check upon another city bank, or upon your own bank in this way, and the check has been stolen from the mails and the indorsement forged, your "stamp" will make the paying bank look to you to make it good, and, if upon your own bank, you will be liable for the forged indorsement. In remitting for transient items, great care should be exercised in filling up bank drafts, as this scheme has been worked to gain possession of bank drafts for the purpose of alteration.

What advantages are there to the messenger in keeping in touch with the more experienced messengers from other banks while "on change"?

Ans.—Without disclosing the private interests of his own bank, he can, at the same time, by comparing notes with the other messengers, learn much relating to the "crooked people" upon the street, and how best to guard against those who would be disposed to take an unfair advantage.

How shall items forwarded for acceptance and return be treated?

Ans.—If the time before maturity is short, suggest to the customer that he indorse the item and that it remain with your correspondent until maturity. If it is a long-time acceptance, forward it without indorsement, but bearing a ticket marked "for acceptance and return" to your bank.

Where should a note be forwarded for collection, dated, say, at Philadelphia, but not made payable at any particular place, made by a maker residing in Baltimore and not having an office in Philadelphia?

Ans.—To Baltimore. This is one of the pitfalls at the collection desk, and should be carefully guarded at the time the note is received. The correct business address—if such there be, if not, his house address—should be obtained. Throw the burden of providing the correct address back upon the owner of the note.

What are coupons and what is involved in handling them?

Ans.—These are small demand obligations, promises to pay quarterly, semi-annual or annual interest upon the principal of a debt, usually bonds. They are clipped, at about the due date from the bond or instrument itself, and, owing to their diminutive size, require time and much care in handling to prevent loss. This department should keep a careful, indexed record of the places of payment for all coupons, as changes from the place named upon them frequently occur. All old envelopes in which coupons are received, should be sorted according to date and kept for a time.

What are legal holidays in Pennsylvania?

Ans.—New Year's Day, Lincoln's Birthday, third Tuesday in February, Spring Election Day, Washington's Birthday, Good Friday, Decoration Day, Independence Day, Labor Day, first Tuesday after the first Monday in November (Election Day), Thanksgiving Day, Christmas. All notes falling due upon holidays, Saturdays or Sundays, are payable the next secular or business day. Holidays falling upon Sunday are observed Monday.

In what States have days of grace been abolished? In what States retained?

Ans.—Grace has been abolished in the following States:—

California,
Colorado,
Connecticut,
Delaware,
District of Columbia.
Florida,
Idaho,
Illinois,
Maryland,
Maine (except sight drafts),
Massachusetts (except sight drafts),
Montana,
New Hampshire (except sight drafts),
New Jersey,
New York,
North Dakota,
Ohio,
Oregon,
Pennsylvania,
Rhode Island (except sight drafts),
Tennessee,
Utah,
Vermont,
Virginia,
Washington,
West Virginia,
Wisconsin.

Grace is retained in the following States:—

Alabama,
Alaska,
Arizona,
Arkansas,
Georgia,
Indian Territory,
Indiana,
Iowa,
Kansas,
Minnesota,
Mississippi,
Missouri,
Nebraska,
Nevada,
New Mexico,
North Carolina,
Oklahoma,
South Carolina,
Kentucky,
Louisiana,
Michigan,
South Dakota,
Texas,
Wyoming.

What is meant by due diligence in forwarding collections?

Ans.—Forwarding by a route which is direct, without delays, and selecting a bank at the destination of the item offering the largest measure of protection to the forwarder in point of responsibility. For example, if you were sending a draft to an interior point and there were only two banks at that point, one with capital and surplus of $125,000 and another with capital and surplus of $380,000, other things equal, you would select the latter bank.

Can the loss of money or securities sent by registered mail be recovered from the United States?

Ans.—The government is liable for amounts up to $10. Beyond that, it only agrees to throw around transmissions of this character safeguards consistent with the service.

In forwarding bonds by express or by insured registered mail, what is necessary?

Ans.—That a record of the numbers be made and that the securities be not undervalued, except at the risk of the owner. If the bank is interested in any way in these securities as collateral do not undervalue.

If the messenger, while upon his daily route, shall receive more cash than is safe for him to carry upon the street, what is advisable?

Ans.—That he either endeavor to get a friendly and responsible bank to take it off his hands, or that he 'phone the bank to have another messenger meet him at a given point.

GENERAL LEDGER DEPARTMENT.

What is meant by the Legal Reserve of a National bank and of what may this consist?

Ans.—The Legal Reserve of a National bank is 25 per cent of the deposits of the bank, if located in Central Reserve or Reserve Cities, and 15 per cent of deposits for all banks otherwise located. This reserve may consist of gold coin, gold certificates, silver dollars, silver certificates, legal tender notes, 5 per cent redemption fund, amounts due upon demand from the United States Treasury, the proportionate amount of balances due from reserve agents, which proportion for banks located in Reserve Cities is 12½ per cent, and for all others 3-5 of 15 per cent, or 9 per cent, with the exception that banks located in Central Reserve Cities shall keep the entire 25 per cent in their vaults.

How should a bank draft or check be filled up?

Ans.—Neatly, in good black ink in heavy writing, and in a way not to permit of alteration. This should be done by packing the figures in close to the dollar mark and by writing the amount in the body at the very beginning of the line, filling in all blank space with a heavy black line. This advice may seem very elementary, but we are writing for the benefit of the younger men, and more than one bank has found out to its cost that carelessness in this respect does not pay.

What should be done with cancelled bank drafts?

Ans.—These should be returned to the drawer with each account-current and should be duly acknowledged by your correspondent. This prevents the bank from becoming lumbered up with "paid vouchers," and throws back upon the drawing bank the burden of detecting, with reasonable promptness, anything out of proper with "paid drafts," either in point of genuineness, amount or indorsement, and will also aid the paying bank when instructions come to "stop payment" of a draft—then it only becomes necessary to run through the vouchers for the current month in order to detect if this particular draft has been paid.

What interest calculations will this department be called upon to make?

Ans.—Upon daily balances to banks, taking 365 days to the year. The tables in use these days for this purpose are indispensable for quick work, but every bank clerk should know how to work out the problem by some short method independent of the tables. This can be done in a variety of ways, and those expert in mental arithmetic will probably find even a shorter cut from the following: Take the sum of the daily balances, even thousands, for the month, multiply by four, point off three points and divide by 73; for example, the daily balances of an account for a month aggregate, say, $1,250,000; multiplied by 4 you have $5,000,000; divided by 73 you have the result, $68.49.

Why is it advisable to carry as few debit balances as possible aside from balances with approved Reserve Agents?

Ans.—From a double standpoint: You can employ your funds to

better advantage, and by keeping down this item, you minimize the risk of being caught as a creditor in the event of bank failures. All banks are compelled to carry a certain proportion of these debit accounts, but they should be reduced to the minimum and care used in their selection. A schedule should be kept at this desk of the remitting days of each account and carefully checked off from day to day.

Is it important to prevent overdrafts by bank correspondents?

Ans.—Of the utmost importance; the General Ledger Department should aid the Paying Desk to the fullest extent in this respect. Banks carelessly managed or upon the eve of collapse will often try to overdraw. Be upon your guard.

How should the Daily Statement of the bank be made up?

Ans.—Probably no two institutions incorporate exactly the same data in the same form in making up these statements, but in essentials, all comply with the National Banking act. The following is one form:—

Date.....

LOANS

Time Loans	$6,280		
Temporary Loans	775		
Demand Loans	1,244		
U. S. Loans	50		
Bonds and Securities	236		
Over-night Loans in Cash	00	$8,585	

DEPOSITS

Individual Deposits	$6,078		
Less Exchanges	340	$5,738	
Bank Deposits	3,802		
Less Exchanges	199	$3,603	$9,341
Circulation Outstanding	50		
National Bank-notes in Cash	2		

CASH RESERVE

Gold C. H. Certificates	$435		
U. S. Treasury Gold Certificates	650		
Gold Coin	195		
Silver Coin	39	$1,319	
Legal Tender Notes		152	
Five Per Cent Redemption Fund		2	
Due from U. S. Treasury on Demand		0	
		$1,473	

Due to C. H. Banks			44	$1,429
		Due by Banks out-of-town.	$2,179	
		Due by City Trust Companies	20	
			2,199	
		Due by other than Reserve Agents	306	
New York Res.	1,500			
Chicago "	350	Due by Reserve Agents..	1,893	
St. Louis "	43			
		Due to Reserve Agents...	533	
		Net amount due from Reserve Agents	1,360	
		Excess Reserve due from Reserve Agents	231	$1,129
Total Cash Reserve			2,558	—28%
Reserve Required		Net Deposits	$9,341	
		Less due from Banks.....	306	
		25% of	9,035	is 2,259
Excess Cash Reserve				299
Excess N. Y. Reserve				231
Total of Excess Reserve				530

Where should a careful description and record of the numbers of all securities owned by the bank be lodged?

Ans.—In the General Ledger.

In drawing a bank draft, would you draw it to Thomas Dunlap, Esq., or Mr. Thomas Dunlap?

Ans.—To Thomas Dunlap.

What is necessary in the examination and proof of an intricate account current?

Ans.—The first requisite is an accurate account from your correspondent, and this with a reconcilement of the previous account at hand; the procedure is simple: All drafts should be checked off by numbers; see that for each debit you have a corresponding credit, and for each credit a corresponding debit; after all amounts possible in the account under examination have been checked, then arrange the new reconcilement of all unchecked items under the following headings, treating balances the same as differences:—

We Charge.....				We Credit.....			
You Charge.....				You Credit.....			
Balance.....				Balance.....			
Total.....				Total.....			

If both accounts are accurate these totals will be the same. It is advisable to make your reconcilement in bound folio for handy reference. See to it by a careful check that all of your correspondents report upon accounts within reasonable time—a failure to do so implies a badly managed bank, an overworked force, or crookedness.

INDIVIDUAL BOOKKEEPER'S DEPARTMENT.

What are the most important features in the work of this department?

Ans.—1. To understand the difference between Debit and Credit. 2. That the bookkeeper so train mind and eye that he will instantly prevent or detect an overdraft.

What should be done with all cancelled checks or vouchers?

Ans.—They should be systematically preserved, if the bank book cannot be procured for settlement.

How often should paid checks be sorted and bank books settled, and by whom?

Ans.—Sorting should be done daily, and custom has made this part of the work of the bookkeeper in many banks, but others are delegating the sorting of checks and settling of bank books to an additional clerk, whose instructions are not to confer with the bookkeeper as to time, manner of settlement or reconcilement of differences, and with this clerk the custody of the cancelled checks is lodged.

How would you arrive at the average balance of a depositor?

Ans.—By taking the sum of the daily balances (morning exchanges deducted) for a given number of days and dividing by the same number of days. With the modern ledger of twelve days running across the folio and twenty-seven sections to the ledger, this is made easy. Balances should be averaged for each section and carried into an Average Balance Record, ruled in horizontal columns, a glance over which would reveal the average balance kept by a depositor for years back.

If by inadvertence an account becomes overdrawn, what should be done?

Ans.—The overdraft should at once be reported to an official of the bank and the depositor notified. Let the bookkeeper be sure though, that the account is overdrawn. If not made good within a reasonable time the officers should be kept advised. In this connection, let it be a rule that the bookkeeper keep an up-to-date record of the address of every account in his ledger.

When an account is closed by check, what should be done?

Ans.—The name of the account closed should be handed, upon a slip, to the proper officer immediately. The closing of an account will often have a quick and important significance to an officer of the bank, which, to an under clerk, will have but trifling importance. This is a rule which should not be permitted to lapse.

In a bank with large lines of active accounts, is an account with, say, an average balance of $100 profitable?

Ans.—It is not, and where there are many of this character, they serve as a clog upon the machine. The annoyance and burden from accounts of this size have made it necessary in some large institutions to have an annual house-cleaning time for the Individual Ledger; others have adopted the Chicago plan of charging the depositor, say, $12 per year. The smaller accounts not only crowd the ledger, but often crowd the lines at the paying and receiving desks as well. Any weeding out process, however, will need to be done with care, as small accounts are at times feeders to better ones.

CORRESPONDING AND MAILING DEPARTMENT.

Why should this department have an accurate knowledge of geography, and particularly of the territory within a radius of 500 miles?

Ans.—This is indispensable to a quick and proper distribution of the many items sent out through this department. Both exchange and time, which are money, can be saved by proper discrimination in this respect. Nine days' time lost in securing returns for an item, interest at 5 per cent, is one-eighth of one per cent.

Is it advisable for those connected with this department to have the exact names of the officers of the banks with which they correspond at tongue's end?

Ans.—It is.

Are there other reasons why collections should not be sent by a circuitous route, causing delay in presentation?

Ans.—The indorser upon an ordinary check is released from liability thereon where the bank forwarding could have presented the check for payment within twenty-four hours, but sent the same by a route con-

suming five days, and when presented, payment was refused. (See Comptroller's Compilation of Decisions, page 56.)

What letters, after copying, need to be given extra care in mailing?

Ans.—All "confidential" or "personal" letters. The wrong envelope used just here has caused serious embarrassment to more than one writer. All such letters should be indexed in copying book, and these books carefully labeled and kept at a moment's call.

What is required of this department in the handling of "Notices of Protest"?

Ans.—Notices to be served upon local customers should be handed to the messengers before their route for the day is made up, and served without fail the same day. Notices which go by mail should be forwarded promptly without the delay of a day. Clerks are often inclined to think that these little printed forms are not urgent, and grow careless in handling. This is a mistake, as due diligence must be given in serving notice upon an indorser to hold him.

What is one of the most important features of the work of this department in closing the outgoing mail for the day?

Ans.—That the right enclosures are placed in the right envelopes. Errors of this kind are not infrequent, are not only annoying, but liable to cause embarrassment and loss to the bank.

Why should this department promptly know whether items sent through the mails have reached the point of destination?

Ans.—In order that if miscarried, payment may be quickly stopped and duplicate secured. To this end, a watchful check should be kept upon the acknowledgment of all letters containing enclosures, and a failure to promptly acknowledge should be "looked" to at once.

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